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THE RETIREMENT SYSTEMS OF ALABAMA

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2009 Required Minimum Distributions Have Been Waived

On December 23, 2008, President Bush signed The Worker, Retiree, and Employer Recovery Act of 2008 that allows individuals to waive the 2009 required minimum distribution (RMD) payments from qualified plans such as the RSA-1 Deferred Compensation Plan. This means that in 2009, both members and beneficiaries have a choice of whether or not to take the 2009 RMD payment from their account.

With the broad investment market declines this past year, many have seen their accounts lose substantial value. For those who do not need a full RMD, the RMD rules can add insult to injury by requiring annual distributions from the accounts, further depleting the balance. In the wake of the recent market downturn, this law is intended to help conserve retirement resources by allowing money to stay in the account where it has the potential to continue growing tax-free until withdrawal. Of course, taxpayers who need full RMD payments for living expenses will not benefit from this provision.

Under the new law, RMD payments will **NOT** be required from RSA-1 accounts for 2009. Individuals who attain age 70½ in 2009 (who would have previously been required to take a 2009 RMD payment by April 1, 2010) are not required to receive an RMD payment for 2009.

Unfortunately, the provision does not apply to 2008 RMD requirements. Accordingly, individuals who attained age 70½ in 2008 and deferred their 2008 RMD to April 1, 2009, are still required to receive the 2008 RMD payment by April 1, 2009. These individuals will not be required to receive a 2009 RMD payment in 2009.

We do expect that many individuals who are already receiving periodic payments may want to continue to receive their scheduled 2009 payments, and RSA-1 will distribute your 2009 periodic payments as usual, **unless** you inform us that you do not wish to receive your normal distribution. Additionally, this is only a one-year relief provision – RMDs must recommence for 2010 RMDs.

If you **DO NOT** wish to receive payment of your scheduled 2009 Required Minimum Distribution (RMD), please complete the bottom of this notice and return it **as soon as possible**. If we do not receive this waiver, we will continue to distribute your scheduled 2009 Required Minimum Distribution (RMD). Should you have any questions or concerns, please do not hesitate to contact us at 334-517-7000 or toll free at 1-877-517-0020.

REQUEST to WAIVE 2009 RMD PAYMENT

I **DO NOT** want to receive my Required Minimum Distribution (RMD) payment for 2009. I understand that my scheduled payments will resume in 2010.

Recipients' name: _____ Social Security Number _____ / _____ / _____

If applicable, beneficiary of: _____ Social Security Number _____ / _____ / _____

Address: _____
Street or P.O. Box

City State Zip Code

Signature: _____ Date: _____